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**FISCAL IMPACT STATEMENT**

**LS 7641**

**BILL NUMBER:** SB 557

**NOTE PREPARED:** Jan 16, 2007

**BILL AMENDED:**

**SUBJECT:** Licensing of Unarmed Combat.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Unarmed Combat Licensing Board-* The bill establishes the Unarmed Combat Licensing Board (the Board). The bill requires the Board to obtain information, including fingerprints, necessary to facilitate access to the criminal history information of an applicant for a license to hold or conduct a contest or exhibition of unarmed combat.

*Licensure of Unarmed Combat-* The bill establishes requirements for licensure. The bill requires the Board to license: (1) a person who conducts or holds a contest or exhibition of unarmed combat; and (2) a person who acts as a contestant, promoter, manager, trainer, or ring official.

*Requirements of Licensee-* The bill requires a person who conducts or holds a contest or exhibition of unarmed combat to have a: (1) physician in attendance; and (2) licensed ring official to direct and control the contest or exhibition. The bill requires a contestant to be examined by a licensed physician before participating in a contest or exhibition of unarmed combat.

*Unarmed Combat Fund-* The bill establishes the Unarmed Combat Fund (the Fund). The bill appropriates money to the Board to: (1) satisfy obligations incurred by a person in holding a contest or exhibition of unarmed combat; and (2) refund amounts from bonds not used to pay obligations incurred.

*Penalty Provision-* The bill makes it a: (1) Class B misdemeanor for a person to knowingly or intentionally engage in certain acts concerning unarmed combat licensing requirements; and (2) Class B infraction for a physician to knowingly or intentionally certify falsely to the physical condition of any contestant.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** *Licensure of Unarmed Combat-* The Professional Licensing Agency (PLA) would perform the administrative functions of licensing unarmed combat (more popularly known as mixed martial arts (MMA)) for the proposed Unarmed Combat Licensing Board.

The bill specifies that the PLA may appoint a secretary and deputies to assist the Board. The PLA reports they have eleven work groups that are currently at working capacity staffing 37 boards and commissions. Vacancies are either assigned to the existing boards when filled or are currently unfunded.

The expense to establish the Unarmed Combat Licensing Board is estimated at \$97,100 in FY 2008 and \$97,800 in FY 2009. The estimates include salaries and benefits for two additional PLA staff, per diem and travel expense for the three board members, telephone, postage, printing, and other start up expenses for the Board.

Revenue received from the Unarmed Combat Fund (see below) could mitigate the above expenditures. The bill does not make an appropriation to cover the costs to establish the Board.

*Background-* As of October 2006, the PLA had 92 full-time employees. The PLA reverted \$63,329 to the state General Fund at the close of FY 2006. The January 1, 2007, vacancy report indicates the PLA has 16 vacancies worth \$342,000.

*Unarmed Combat Licensing Board-* The Board would be composed of three members selected by the Governor. Members of the Board would be allowed the minimum salary per diem and travel reimbursement allowed by state law, plus reimbursement for expense incurred during official business. The Board would have the power to adopt rules to establish licensure fees.

Besides establishing fees, the Board would be charged to:

- a) enforce the regulation and licensure of unarmed combat;
- b) establish licensing requirements;
- c) establish rules involving ring officials;
- d) investigate complaints involving licensed individuals;
- e) bring actions in circuit court regarding complaints;
- f) inspect licensee records;
- g) conduct public hearings and exercise all powers under administrative law procedures; and
- h) maintain the Board's office, files, records, and property in Indianapolis.

**Explanation of State Revenues:** *Licensure of Unarmed Combat-* The amount of revenue that could be generated from licensing fees as a result of this proposal is indeterminable and would depend on the fee schedule adopted by the Board. The proposed Board would license not only MMA combatants/contestants but would also license their promoters and managers. It is likely that the number of MMA type events held in Indiana would influence the amount of revenue collected.

*Unarmed Combat Fund-* MMA promoters would be required to bond in the amount of \$100,000 which would accompany any licensing fees for a MMA contest or exhibition held in Indiana. Money from the bond would be used by the state to pay for any obligation placed on the promoter of the MMA event. Bond proceeds plus any additional money the Board would require would be deposited into the Fund. The state would be required to return any unused portion of the bond once any and all obligations were satisfied. Revenue in the Fund would be continuously appropriated to enforce compliance with payment for any obligations an MMA

promoter would be liable. Money in the Fund would not revert to the state General Fund at the end of the fiscal year.

**General Fund Revenue-** Additionally, a promoter, manager, trainer, contestant, or ring official would be required to pay a fee for licensure. The Board would set the fees by rule. The proposal is silent in regard to placement of all licensure fees. Therefore, monies received from licensing of MMA activities would be deposited into the state General Fund.

*Penalty Provision:* A physician that falsely certified the physical condition of a contestant would commit a Class B infraction. The maximum judgment for a Class B infraction is \$1,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

A person who knowingly and intentionally violates the provisions of MMA regulation would commit a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. The maximum judgment for a Class B infraction is \$1,000, which would be deposited in the state General Fund. However, any additional revenue would likely be small.

*Background-* As of July 2005, about eighteen states have regulated and sanctioned MMA events. At least 21 states have banned, allowed local home rule, or done nothing to regulate MMA events.

**Explanation of Local Expenditures:** *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

**State Agencies Affected:** Professional Licensing Agency; Indiana State Police; Treasurer of State

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Indiana State Budget Agency: FY 2006 Close-Out General Fund Reversion Summary; State of Indiana Detail Staffing Report, 10/03/2006; [www.stateline.org](http://www.stateline.org); Barbara McNutt, Indiana Professional Licensing Agency, 317-234-1987.

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